

**AGENDA MEMORANDUM**

Meeting Date: September 26, 2011

From: Doug Drymon, Deputy City Manager

Subject: Resolution authorizing Amendment to Leases applying to hangers and associated properties located at 8703 Airport Blvd. & 8830 Airport Blvd. (currently in effect with Aerostat, Inc.)

Staff Recommendation:

Staff recommends approval of a resolution authorizing the execution of the attached Amendment to Leases for 8703 Airport Blvd. and 8830 Airport Blvd.

Analysis:

As previously discussed with the City Commission at the August, 2011 Commission meeting, City staff would like to make it possible for a FAA-certified Airframe and Power plant (A&P) Program to be established at the Leesburg International Airport. Such a program is considered an essential component of the City's aviation and aerospace workforce development initiative, which was identified by Embry-Riddle Aeronautical University as being one of eight Critical Success Factors impacting the future success of LEAP. In cooperation with the Lake Tech, City staff has been researching the various resources (staffing, equipment & facilities) which would be needed in order to establish an A&P Program at Leesburg International Airport. Finding a suitable location with vacant hanger space to house an A&P Program appears to be the greatest challenge the City faces at this time, given that the airport has almost no vacancy.

Mr. Lewis Puckett, CEO of Aerostat, Inc., the company which currently holds the lease on the hanger located at 8703 Airport Blvd until September 30, 2025 has indicated to Airport Management that he is willing to assist the City in its endeavor to find a home for an A&P Program by renegotiating his current lease on 8703 Airport Blvd. down to five years, with a 6-month "Notice to Vacate" stipulation included for the City's benefit. The hanger that is located at 8703 Airport Blvd. is equipped for use as an aircraft maintenance facility, and has in fact been used for this purpose in the past. Staff believes that regardless of whether this hanger is used for an A&P lab or some other educational purpose connected with LEAP, obtaining management of the building and its associated property provides the City with additional flexibility in terms of the future development of the Airport. The property could be combined with other nearby hangers and adjoining property to create space for a major aviation company, such as an airplane manufacturer or a Maintenance, Repair and Overhaul (MRO) operation, or utilized in some other manner for an economic development project.

As outlined under Section 1 of the attached Amendment to Leases, the existing lease of the hanger located at 8830 Airport Blvd., which presently serves as the primary manufacturing facility for Mr. Puckett's company, Aerostat, Inc., would be amended to stipulate an annual rent of ten-dollars (\$10.00) for the remaining portion of the current lease, which expires March 10, 2026. This revised rental fee would also be applied to an existing five year extension, as well as a second five year extension that is to be included in the amended lease agreement. In return for these and certain other financial considerations outlined under Section 2 of the Amendment to Leases, Mr. Puckett is

willing to accept the lease modifications noted previously for the hanger and associated property located at 8703 Airport Blvd.

As a final note, this matter was submitted to the Airport Advisory Board for consideration and a recommendation at the Board's September 14, 2011 regularly-scheduled meeting. Following discussion, the Airport Advisory Board members unanimously voted to recommend to the City Commission that the submitted Amendment to Leases be approved.

Options:

1. Approve the attached Resolution authorizing execution of the submitted Amendment to Leases applying to 8703 Airport Blvd. and 8830 Airport Blvd.
2. Direct the City Attorney to modify the Amendment to Leases in whatever manner the Commission may decide is in the best interests of the City.
3. Such alternative action as the Commission may deem appropriate

Fiscal Impact:

The direct fiscal impact to the City would extend to a reduction in rent revenue for the hangers located at 8703 Airport Blvd. and 8830 Airport Blvd., plus the cost of "buying out" the remaining portion of the lease on 8703 Airport Blvd. (at the current, unrevised monthly rent amount) if undertaken sometime during the five-year term of the amended lease.

Submission Date and Time: 9/22/2011 10:02 PM

Department: _____ Prepared _____ by: _____ Attachments: Yes _____ No _____ Advertised: _____ Not Required Dates: _____ Attorney Review: Yes _____ No _____ _____ Revised 6/10/04	Reviewed by: Dept. Head _____ Finance Dept. _____ _____ Deputy C.M. _____ _____ Submitted by: _____ City Manager _____	Account No. _____ Project No. _____ WF No. _____ Budget _____ Available _____
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RESOLUTION NO. _____

RESOLUTION OF THE CITY COMMISSION OF THE CITY OF LEESBURG, FLORIDA, AUTHORIZING EXECUTION OF AMENDMENTS TO THE EXISTING LEASES HELD BY AEROSTAT, INC., FOR THE USE OF HANGERS AND ASSOCIATED PROPERTIES LOCATED AT 8703 AIRPORT BLVD. AND 8830 AIRPORT BLVD., LEESBURG INTERNATIONAL AIRPORT; SETTING FORTH CERTAIN CHANGES TO THE TERMS OF THE EXISTING LEASES; PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF LEESBURG, FLORIDA:

THAT the Mayor and City Clerk are hereby authorized to execute an Amendment to Leases which sets forth certain changes to the terms of existing leases between the City of Leesburg, whose mailing address is 501 W. Meadow Street, Leesburg, Florida, 34748, and Aerostat, Inc., whose mailing address is 8830 Airport Blvd., Leesburg, Florida, 34788, for the use of hangers and associated properties located at 8703 Airport Blvd. and 8830 Airport Blvd., Leesburg International Airport.

THAT this resolution shall become effective immediately.

PASSED AND ADOPTED by the City Commission of the City of Leesburg, Florida, at a regular meeting held the 26th day of September 2011.

Mayor

ATTEST:

City Clerk